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## CHAPTER 5

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# ITIL MANAGEMENT PRACTICES

## 5 ITIL management practices

The ITIL SVS includes 14 general management practices, 17 service management practices, and three technical management practices, all of which are subject to the four dimensions of service management (see Chapter 3).



### Key message

In ITIL, a management practice is a set of organizational resources designed for performing work or accomplishing an objective. The origins of the practices are as follows:

- General management practices have been adopted and adapted for service management from general business management domains.
- Service management practices have been developed in service management and ITSM industries.
- Technical management practices have been adapted from technology management domains for service management purposes by expanding or shifting their focus from technology solutions to IT services.

The 34 ITIL management practices are listed in Table 5.1.

Table 5.1 The ITIL management practices

General management practices	Service management practices	Technical management practices
Architecture management	Availability management	Deployment management
Continual improvement	Business analysis	Infrastructure and platform management
Information security management	Capacity and performance management	Software development and management
Knowledge management	Change control	
Measurement and reporting	Incident management	
Organizational change management	IT asset management	
Portfolio management	Monitoring and event management	
Project management	Problem management	
Relationship management	Release management	
Risk management	Service catalogue management	
Service financial management	Service configuration management	
Strategy management	Service continuity management	

Supplier management	Service design
Workforce and talent management	Service desk
	Service level management
	Service request management
	Service validation and testing

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## ITSM in the modern world: high-velocity service delivery

In business innovation and differentiation, speed to market is a key success factor. If an organization takes too long to implement a new business idea, it is likely to be done faster by someone else. Because of this, organizations have started demanding shorter time to market from their IT service providers.

For service providers that have always used modern technology, this has not been a big challenge. They have adopted modern ways of scaling their resources and established appropriate practices for project and product management, testing, integration, deployment, release, delivery, and support of IT services. These practices have been documented and have triggered the development of new IT management movements and practices, such as DevOps. However, for organizations bearing a legacy of old IT architectures and IT management practices focused on control and cost efficiency, the new business demand has introduced a greater challenge.

The high-velocity service delivery paradigm includes:

- focus on fast delivery of new and changed IT services to users
- continual analysis of feedback provided for IT services at every stage of their lifecycle
- agility in processing the feedback, giving rise to continual and fast improvement of IT services
- an end-to-end approach to the service lifecycle, from ideation, through creation and delivery, to consumption of services
- integration of product and service management practices
- digitalization of IT infrastructure and adoption of cloud computing
- extensive automation of the service delivery chain.

High-velocity service delivery influences all the practices of a service provider, including general management practices, service management practices, and technical management practices. For example, an organization aiming to deliver and improve its services faster than others needs to consider:

- Agile project management
- Agile financial management

- product-based organizational structure
- adaptive risk management, and audit and compliance management
- flexible architecture management
- specific architecture technology solutions, such as microservices
- complex partner and supplier environments
- continual monitoring of technology innovations and experimenting
- human-centred design
- infrastructure management focused on cloud computing.

Even if only some of the services in a provider's portfolio need high-velocity delivery, organizational changes of a significant scale are required to enable this, especially if the organization has a legacy of low-velocity services, practices, and habits. Moreover, bi-modal IT, where high-velocity service management is combined with traditional practices, introduces even more complexity and greater challenges. However, for many modern organizations, high-velocity service delivery is no longer an option but a necessity, and they must improve their service management practices to respond to this challenge.

## 5.1 General management practices

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### 5.1.1 Architecture management

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#### Key message

The purpose of the architecture management practice is to provide an understanding of all the different elements that make up an organization and how those elements interrelate, enabling the organization to effectively achieve its current and future objectives. It provides the principles, standards, and tools that enable an organization to manage complex change in a structured and Agile way.

Just as the modern organization's environment and ecosystem have become more complex, so have its challenges. These include not only how to increase efficiency and automation, but also how to better manage the complexity of the environment

and how to achieve organizational agility and resilience. Without the visibility and coordination made possible by a proper architecture management practice, an organization can become a labyrinth of third-party contracts, variant processes across different organizational silos, various products and services that have been needlessly customized for different customers, and a legacy infrastructure. The result is a complex landscape where any change becomes far more difficult to implement and introduces a much higher risk.

A complete architecture management practice should address all architecture domains: business, service, information, technology, and environment. For a smaller and less complex organization, the architect can develop a single integrated architecture.

## Architecture types

### *Business architecture*

The business architecture allows the organization to look at its capabilities in terms of how they align with all the detailed activities required to create value for the organization and its customers. These are then compared with the organization's strategy and a gap analysis of the target state against current capabilities is performed. Identified gaps between the baseline and target state are prioritized and these capability gaps are addressed incrementally. A 'roadmap' describes the transformation from current to future state to achieve the organization's strategy.

### *Service architecture*

Service architecture gives the organization a view of all the services it provides, including interactions between the services and service models that describe the structure (how the service components fit together) and the dynamics (activities, flow of resources, and interactions) of each service. A service model can be used as a template or blueprint for multiple services.

### *Information systems architecture, including data and applications architectures*

The information architecture describes the logical and physical data assets of the organization and the data management resources. It shows how the information resources are managed and shared for the benefit of the organization.

Information is a valuable asset for the organization, with actual and measurable value. Information is the basis for decision-making, so it must always be complete, accurate, and accessible to those who are authorized to access it. Information systems must therefore be designed and managed with

these concepts in mind.

### *Technology architecture*

The technology architecture defines the software and hardware infrastructure needed to support the portfolio of products and services.

### *Environmental architecture*

The environmental architecture describes the external factors impacting the organization and the drivers for change, as well as all aspects, types, and levels of environmental control and their management. The environment includes developmental, technological, business, operational, organizational, political, economic, legal, regulatory, ecological, and social influences.

Figure 5.1 shows the contribution of architecture management to the service value chain, with the practice being involved in all value chain activities; however, it is most instrumental in the plan, improve, and design and transition value chain activities:

- **Plan** The architecture management practice is responsible for developing and maintaining a reference architecture that describes the current and target architectures for the business, information, data, application, technology, and environment perspectives. This is used as a basis for all the plan value chain activity.
- **Improve** Many opportunities for improvement are identified through review of the business, service, information, technical, and environment architectures.
- **Engage** The architecture management practice facilitates the ability to understand the organization's readiness to address new or under-served markets and a wider variety of products and services, and more quickly respond to changing circumstances. The architecture management practice is responsible for assessing the organization's capabilities in terms of how they align with all the detailed activities required to co-create value for the organization and its customers.
- **Design and transition** Once a new or changed product or service is approved to be developed, the architecture, design, and build teams will continually evaluate whether the product/service meets the investment objectives. The architecture management practice is responsible for the service architecture, which describes the structure (how the service components fit together) and the dynamics (activities, flow of resources, and interactions) of the service. A service model can be used as a template or blueprint for multiple services and is essential to the design and transition activity.
- **Obtain/build** The reference architectures (business, service, information, technical, and environmental) facilitate identification of what products, services,

or service components need to be obtained or built.

- **Deliver and support** The reference architectures are used continually as part of the operation, restoration, and maintenance of products and services.

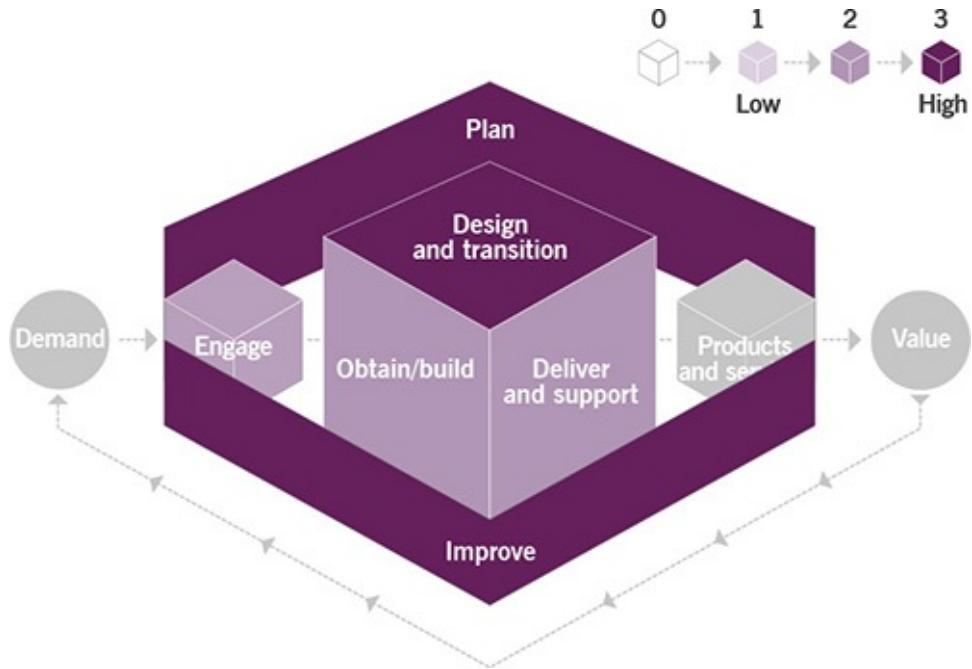


Figure 5.1 Heat map of the contribution of architecture management to value chain activities

### 5.1.2 Continual improvement



#### Key message

The purpose of the continual improvement practice is to align the organization's practices and services with changing business needs through the ongoing improvement of products, services, and practices, or any element involved in the management of products and services.

Included in the scope of the continual improvement practice is the development of improvement-related methods and techniques and the propagation of a continual improvement culture across the organization, in alignment with the organization's overall strategy. The commitment to and practice of continual improvement must be embedded into every fibre of the organization. If it is not, there is a real risk that daily operational concerns and major project work will eclipse continual

improvement efforts.

Key activities that are part of continual improvement practices include:

- encouraging continual improvement across the organization
- securing time and budget for continual improvement
- identifying and logging improvement opportunities
- assessing and prioritizing improvement opportunities
- making business cases for improvement action
- planning and implementing improvements
- measuring and evaluating improvement results
- coordinating improvement activities across the organization.

There are many methods, models, and techniques that can be employed for making improvements. Different types of improvement may call for different improvement methods. For example, some improvements may be best organized into a multi-phase project, while others may be more appropriate as a single quick effort.

The ITIL SVS includes the continual improvement model (see Figure 4.3), which can be applied to any type of improvement, from high-level organizational changes to individual services and configuration items (CIs). The model is described in section 4.6.

When assessing the current state, there are many techniques that can be employed, such as a strength, weakness, opportunity, and threat (SWOT) analysis, a balanced scorecard review, internal and external assessments and audits, or perhaps even a combination of several techniques. Organizations should develop competencies in methodologies and techniques that will meet their needs.

Approaches to continual improvement can be found in many places. Lean methods provide perspectives on the elimination of waste. Agile methods focus on making improvements incrementally at a cadence. DevOps methods work holistically and ensure that improvements are not only designed well, but applied effectively. Although there are a number of methods available, organizations should not try to formally commit to too many different approaches. It is a good idea to select a few key methods that are appropriate to the types of improvement the organization typically handles and to cultivate those methods. In this way, teams will have a shared understanding of how to work together on improvements to facilitate a greater amount of change at a quicker rate.

This does not mean, however, that the organization should not try new approaches or allow for innovation. Those in the organization with skills in alternative methods should be encouraged to apply them when it makes sense, and if this effort is successful, the alternative method may be added to the organization's repertoire.

Older methods may gradually be retired in favour of new ones if better results are achieved.

Continual improvement is everyone's responsibility. Although there may be a group of staff members who focus on this work full-time, it is critical that everyone in the organization understands that active participation in continual improvement activities is a core part of their job. To ensure that this is more than a good intention, it is wise to include contribution to continual improvement in all job descriptions and every employee's objectives, as well as in contracts with external suppliers and contractors.

The highest levels of the organization need to take responsibility for embedding continual improvement into the way that people think and work. Without their leadership and visible commitment to continual improvement, attitudes, behaviour, and culture will not evolve to a point where improvements are considered in everything that is done, at all levels.

Training and other enablement assistance should be provided to staff members to help them feel prepared to contribute to continual improvement. Although everyone should contribute in some way, there should at least be a small team dedicated full-time to leading continual improvement efforts and advocating the practice across the organization. This team can serve as coordinators, guides, and mentors, helping others in the organization to develop the skills they need and navigating any difficulties that may be encountered.

When third-party suppliers form part of the service landscape, they should also be part of the improvement effort. When contracting for a supplier's service, the contract should include details of how they will measure, report on, and improve their services over the life of the contract. If data will be required from suppliers to operate internal improvements, that should be specified in the contract as well. Accurate data, carefully analysed and understood, is the foundation of fact-based decision-making for improvement. The continual improvement practice should be supported by relevant data sources and data analysis to ensure that each potential improvement is sufficiently understood and prioritized.

To track and manage improvement ideas from identification through to final action, organizations use a database or structured document called a continual improvement register (CIR). There can be more than one CIR in an organization, as multiple CIRs can be maintained on individual, team, departmental, business unit, and organizational levels. Some organizations maintain a single master CIR, but segment how it is used and by whom at a more granular level.

Improvement ideas can also initially be captured in other places and through other practices, such as during project execution or software development activities. In this case, it is important to document for attention the improvement ideas that come up as part of ongoing continual improvement. As new ideas are documented,

CIRs are used to constantly reprioritize improvement opportunities. The use of CIRs provides additional value because they help to make things visible. This is not limited to what is currently being done, but also to what is already complete and what has been set aside for further consideration at a later date.

It does not matter exactly how the information in a CIR is structured, or what the collections of improvement ideas are called in any given organization. What is important is that improvement ideas are captured, documented, assessed, prioritized, and appropriately acted upon to ensure that the organization and its services are always being improved.

The continual improvement practice is integral to the development and maintenance of every other practice as well as to the complete lifecycle of all services and indeed the SVS itself. That said, there are some practices that make a special contribution to continual improvement. For example, the organization's problem management practice can uncover issues that will be managed through continual improvement. The changes initiated through continual improvement may fail without the critical contributions of organizational change management. And many improvement initiatives will use project management practices to organize and manage their execution.

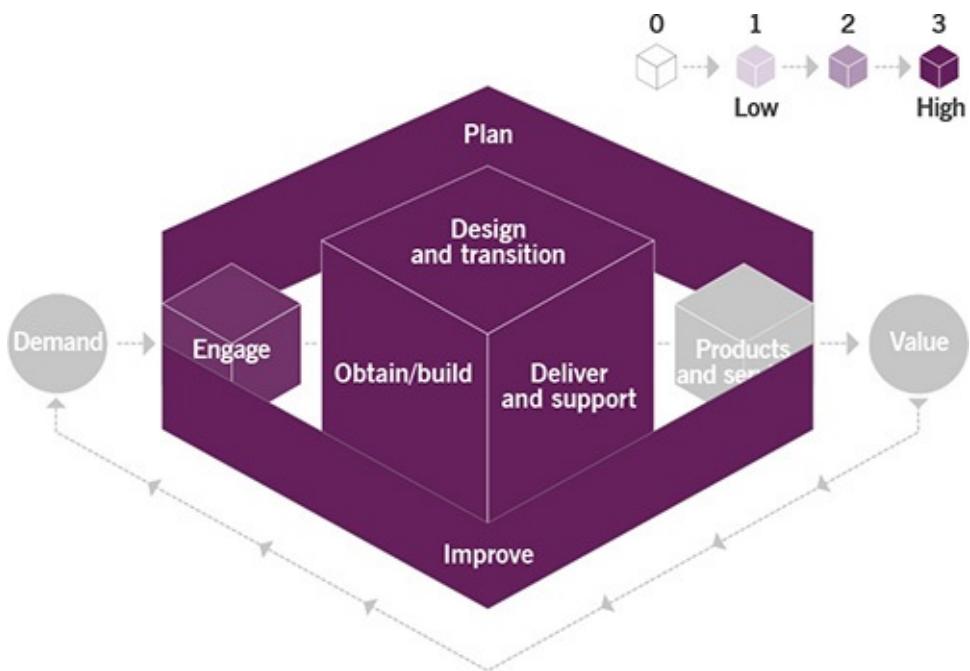


Figure 5.2 Heat map of the contribution of continual improvement to value chain activities

Figure 5.2 shows the contribution of continual improvement to the service value chain, with the practice being involved in all value chain activities:

- **Plan** The continual improvement practice is applied to planning activities, methods, and techniques to make sure they are relevant to the organization's

current objectives and context.

- **Improve** The continual improvement practice is key to this value chain activity. It structures resources and activities, enabling improvement at all levels of the organization and the SVS.
- **Engage, design and transition, obtain/build, and deliver and support** Each of these value chain activities is subject to continual improvement, and the continual improvement practice is applied to all of them.

### 5.1.3 Information security management

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#### Key message

The purpose of the information security management practice is to protect the information needed by the organization to conduct its business. This includes understanding and managing risks to the confidentiality, integrity, and availability of information, as well as other aspects of information security such as authentication (ensuring someone is who they claim to be) and non-repudiation (ensuring that someone can't deny that they took an action).

The required security is established by means of policies, processes, behaviours, risk management, and controls, which must maintain a balance between:

- **Prevention** Ensuring that security incidents don't occur
- **Detection** Rapidly and reliably detecting incidents that can't be prevented
- **Correction** Recovering from incidents after they are detected.

It is also important to achieve a balance between protecting the organization from harm and allowing it to innovate. Information security controls that are too restrictive may do more harm than good, or may be circumvented by people trying to do work more easily. Information security controls should consider all aspects of the organization and align with its risk appetite.

Information security management interacts with every other practice. It creates controls that each practice must consider when planning how work will be done. It also depends on other practices to help protect information.

Information security management must be driven from the most senior level in the organization, based on clearly understood governance requirements and

organizational policies. Most organizations have a dedicated information security team, which carries out risk assessments and defines policies, procedures, and controls. In high-velocity environments, information security is integrated as much as possible into the daily work of development and operations, shifting the reliance on control of process towards verification of preconditions such as expertise and integrity.

Information security is critically dependent on the behaviour of people throughout the organization. Staff who have been trained well and pay attention to information security policies and other controls can help to detect, prevent, and correct information security incidents. Poorly trained or insufficiently motivated staff can be a major vulnerability.

Many processes and procedures are required to support information security management. These include:

- an information security incident management process
- a risk management process
- a control review and audit process
- an identity and access management process
- event management
- procedures for penetration testing, vulnerability scanning, etc.
- procedures for managing information security related changes, such as firewall configuration changes.

Figure 5.3 shows the contribution of information security management to the service value chain, with the practice being involved in all value chain activities:

- **Plan** Information security must be considered in all planning activity and must be built into every practice and service.
- **Improve** Information security must be considered in all improvement value chain activity to ensure that vulnerabilities are not introduced when making improvements.
- **Engage** Information security requirements for new and changed services must be understood and captured. All levels of engagement, from operational to strategic, must support information security and encourage the behaviours needed. All stakeholders must contribute to information security, including customers, users, suppliers, etc.

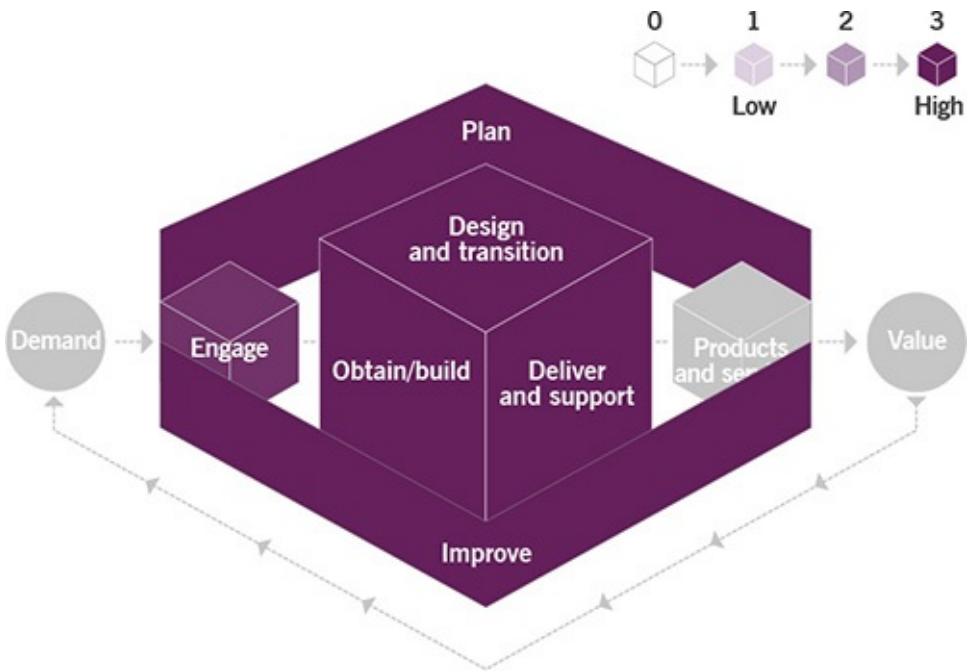


Figure 5.3 Heat map of the contribution of information security management to value chain activities

- **Design and transition** Information security must be considered throughout this value chain activity, with effective controls being designed and transitioned into operation. The design and transition of all services must consider information security aspects as well as all other utility and warranty requirements.
- **Obtain/build** Information security must be built into all components, based on the risk analysis, policies, procedures, and controls defined by information security management. This applies whether the components are built internally or procured from suppliers.
- **Deliver and support** Detection and correction of information security incidents must be an integral part of this value chain activity.

### The ITIL story: Axle's information security management



**Su:** Our travel app stores a lot of sensitive data, including customer and credit card details. Our role is to make sure this data is secure.



**Marco:** Some of the data is also stored and processed by our partners, who helped us to develop the app and continue to support the app on our behalf.



**Radhika:** We use the data to analyse customer demand and the use of our fleet, track the conditions of our cars, and analyse our customers' preferences to create tailored offerings.



**Su:** Our consumers need to know that their data is safe and will not be misused. We regularly undergo external audits to provide assurance for our stakeholders and to confirm compliance with national and international regulations.



**Henri:** As CIO, I make sure everyone who works in and with Axle is aware of the importance of information security, and follows Axle policies and procedures concerning information security management.

## 5.1.4 Knowledge management



### Key message

The purpose of the knowledge management practice is to maintain and improve the effective, efficient, and convenient use of information and knowledge across the organization.

Knowledge is one of the most valuable assets of an organization. The knowledge management practice provides a structured approach to defining, building, re-using, and sharing knowledge (i.e. information, skills, practices, solutions, and problems) in various forms. As methods of capturing and sharing knowledge move more towards digital solutions, the practice of knowledge management becomes even more valuable.

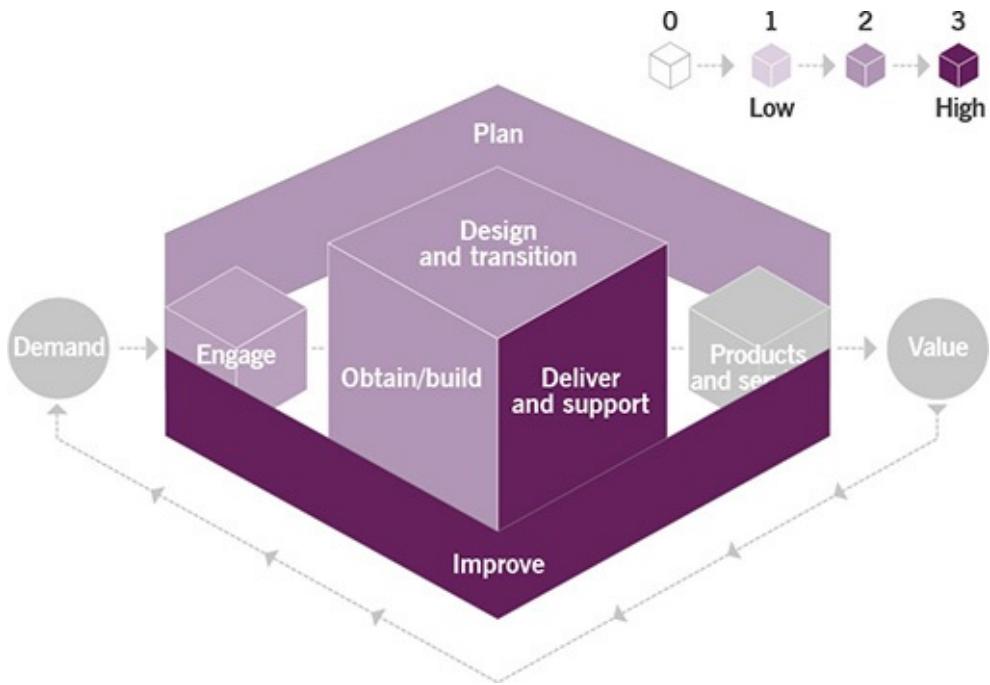


Figure 5.4 Heat map of the contribution of knowledge management to value chain activities

It is important to understand that ‘knowledge’ is not simply information. Knowledge is the use of information in a particular context. This needs to be understood with both the user of the knowledge and the relevant situation in mind. For example, information presented in the form of a 300-page manual is not useful for a service desk analyst who needs to find a fast solution. A better example of knowledge that is fit for purpose might be a simplified set of instructions or reference points that allow the analyst to find the relevant content quickly.

Knowledge management aims to ensure that stakeholders get the right information, in the proper format, at the right level, and at the correct time, according to their access level and other relevant policies. This requires a procedure for the acquisition of knowledge, including the development, capturing, and harvesting of unstructured knowledge, whether it is formal and documented or informal and tacit knowledge.

Figure 5.4 shows the contribution of knowledge management to the service value chain, with the practice being involved in all value chain activities:

- **Plan** Knowledge management helps the organization to make sound portfolio decisions and to define its strategy and other plans, and supports financial management.
- **Improve** This value chain activity is based on an understanding of the current situation and trends, supported by historical information. Knowledge management provides context for the assessment of achievements and improvement planning.
- **Engage** Relationships at all levels, from strategic to operational, are based on an

understanding of the context and history of those relationships. Knowledge management helps to better understand stakeholders.

- **Design and transition** As with the obtain/build value chain activity, knowledge of the solutions and technologies available, and the re-use of information, can make this value chain activity more effective.
- **Obtain/build** The efficiency of this value chain activity can be significantly improved with sufficient knowledge of the solutions and technologies available, and through the re-use of information.
- **Deliver and support** Ongoing value chain activity in this area benefits from knowledge management through re-use of solutions in standard situations and a better understanding of the context of non-standard situations that require analysis.

### The ITIL story: Axle's knowledge management



**Radhika:** *Because we're using an Agile deployment for our app development, we need to make sure our staff have up-to-date knowledge on new features. Just as importantly, knowledge needs to be retired when it's out of date. For example, we recently discovered the printing feature of our app was not being used by our customers. We removed printing and replaced it with a new function to send information from the app by email instead. As part of release management, we've already provided updated knowledge articles to our service desk to reflect the change.*



**Su:** *Knowledge management is more than just data collection. At Axle, we focus on open communication and the sharing of knowledge. To promote collaboration and visibility, we make sure that information, problems, and concerns are openly shared between our teams and branches.*



**Henri:** *But we also need to follow information security policies and make sure that openness does not mean carelessness.*



**Marco:** *We're testing new systems based on AI to improve our forecasting and decision-making at all levels, from strategic planning to user support.*

### 5.1.5 Measurement and reporting



## Key message

The purpose of the measurement and reporting practice is to support good decision-making and continual improvement by decreasing the levels of uncertainty. This is achieved through the collection of relevant data on various managed objects and the valid assessment of this data in an appropriate context. Managed objects include, but are not limited to, products and services, practices and value chain activities, teams and individuals, suppliers and partners, and the organization as a whole.

Many of these managed objects are connected, and so are their respective metrics and indicators. For example, to set clear objectives for measurement and reporting, there is a need to understand organizational goals. These can be based on a number of areas: profit, growth, competitive advantage, customer retention, operational/public service, etc. (see the focus on value guiding principle in section 4.3.1). In such cases, it is important to establish a clear relationship between high-level and subordinate goals and the objectives that relate to them.

For the set goals, operational critical success factors (CSFs) can be defined. Based on these CSFs, a set of related key performance indicators (KPIs) can then be agreed upon, against which success can be measured.



## Definitions

- Critical success factor (CSF) A necessary precondition for the achievement of intended results.
- Key performance indicator (KPI) An important metric used to evaluate the success in meeting an objective.

### 5.1.5.1 KPIs and behaviour

KPIs for individuals can work as a competitive motivator, and this will drive positive results if the KPIs are set to meet clear business goals. However, target-setting for individuals can also have a negative side, driving inappropriate or unsuitable behaviours. This typically happens if there is too much focus placed on individual KPIs. For example, service desk staff might be heavily driven to keep calls short, but this can negatively impact on customer satisfaction, and even resolution times, if issues are not properly dealt with.

Operational KPIs should ideally be set for teams rather than focusing too closely on individuals. This means that there can be some flexibility in the targets and behaviours allowed by the team as a whole. Individuals will, of course, still need some specific guidelines for their performance, but this should be clearly within the goals of the team and organization, and all targets should be set in the context of providing value for the organization.

### 5.1.5.2 Reporting

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Data collected as metrics is usually presented in the form of reports or dashboards. It is important to remember that reports are intended to support good decision-making, so their content should be relevant to the recipients of the information and related to the required topic. Reports and dashboards should make it easy for the recipient to see what needs to be done and then take action. As such, a good report or dashboard should answer two main questions: how far are we from our targets and what bottlenecks prevent us from achieving better results?

Figure 5.5 shows the contribution of measurement and reporting to the service value chain, with the practice being involved in all value chain activities:

- **Plan** Measurement and reporting enables strategy and service portfolio decisions by providing details on current performance of products and services.
- **Improve** Performance is constantly monitored and evaluated to support continual improvement, alignment, and value creation.
- **Engage** Engagement with stakeholders is based on correct, up-to-date, and sufficient information provided in the form of dashboards and reports.
- **Design and transition** Measurement and reporting provides information for management decisions at every stage before going live.
- **Obtain/build** The practice ensures transparency of all development and procurement activities, enabling effective management and integration with all other value chain activities.
- **Deliver and support** Ongoing management of products and services is based on correct, up-to-date, and sufficient performance information.

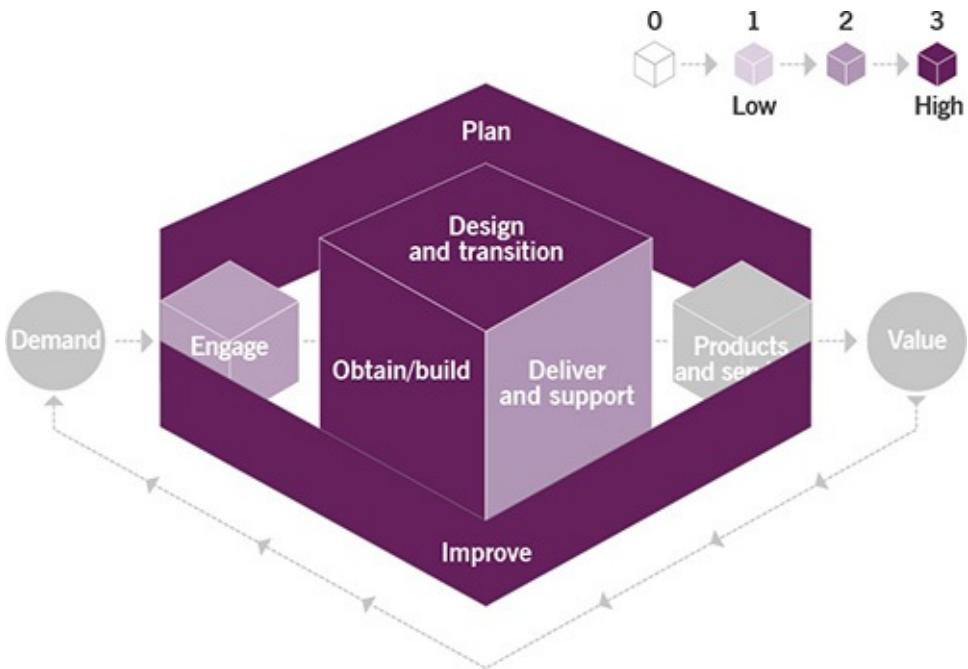


Figure 5.5 Heat map of the contribution of measurement and reporting to value chain activities

### 5.1.6 Organizational change management



#### Key message

The purpose of the organizational change management practice is to ensure that changes in an organization are smoothly and successfully implemented, and that lasting benefits are achieved by managing the human aspects of the changes.

Improvements invariably require people to change the way they work, their behaviour, and sometimes their role. Regardless of whether the change is to a practice, the structure of the organization, related to technology, or is the introduction of a new or changed service, people are essential to the success of the change. The organizational change management practice aims to ensure that everyone affected by the change accepts and supports it. This is achieved by removing or reducing resistance to the change, eliminating or addressing adverse impacts, and providing training, awareness, and other means of ensuring a successful transition to the changed state.

Organizational change management contributes to every part of the SVS, wherever the cooperation, participation, and enthusiasm of the people involved are required. For an improvement initiative to be successful, no matter what the level or scope of the change is, there are certain elements that are essential to addressing the human factor. Organizational change management must ensure that the following are established and maintained throughout the change:

- **Clear and relevant objectives** To gain support, the objectives of the change must be clear and make sense to the stakeholders, based on the context of the organization. The change must be seen to be of real value.
- **Strong and committed leadership** It is critical that the change has the active support of sponsors and day-to-day leaders within the organization. A sponsor is a manager or business leader who will advocate, and can authorize, the change. Leaders should visibly support and consistently communicate their commitment to the change.
- **Willing and prepared participants** To be successful, a change needs to be made by willing participants. In part, this willingness will come from the participants being convinced of the importance of the change. In addition, the more prepared participants feel they are to make the changes asked of them through relevant training, awareness, and regular communications, the keener they will be to go forward.
- **Sustained improvement** Many changes fail because, after some time has passed, people revert to old ways of working. Organizational change management seeks to continually reinforce the value of the change through regular communication, addressing any impacts and consequences of the change, and the support of sponsors and leaders. The communication of value will be stronger when metrics are used to validate the message.

### 5.1.6.1 Activities of organizational change management

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The key activities of effective organizational change management are outlined in Table 5.2.

**Table 5.2 Organizational change management activities**

Activity	Helps to deliver
Creation of a sense of urgency	Clear and relevant objectives, willing participants
Stakeholder management	Strong and committed participants
Sponsor management	Strong and committed leadership
Communication	Willing and prepared participants
Empowerment	Prepared participants
Resistance management	Willing participants
Reinforcement	Sustained improvement

The activities of organizational change management interact with those of many other practices, particularly continual improvement and project management. Other

practices with important links to organizational change management include measurement and reporting, workforce and talent management, and relationship management.

The various audiences affected by the change must be identified and their characteristics defined. Not all people will respond to the same messaging or be motivated by the same drivers. It is particularly important in organizational change management to take cultural differences into consideration, whether they are based on geography, nationality, corporate history, or other factors.

Unlike other practices, accountability for organizational change management cannot be transferred to an external supplier. Someone within the organization itself must be accountable for organizational change management, even if the execution of some or most of the organizational change management activities is delegated to other people or groups including suppliers. External expertise may, however, be sought to supplement the organizational change management capabilities of an organization. Sometimes organizations struggle with the key skillsets needed for organizational change management and can benefit from the support and guidance of an external supplier. Even if external help is used, the overall leadership support must still come from the organization itself.

Figure 5.6 shows the contribution of organizational change management to the service value chain, with the practice being involved in all value chain activities:

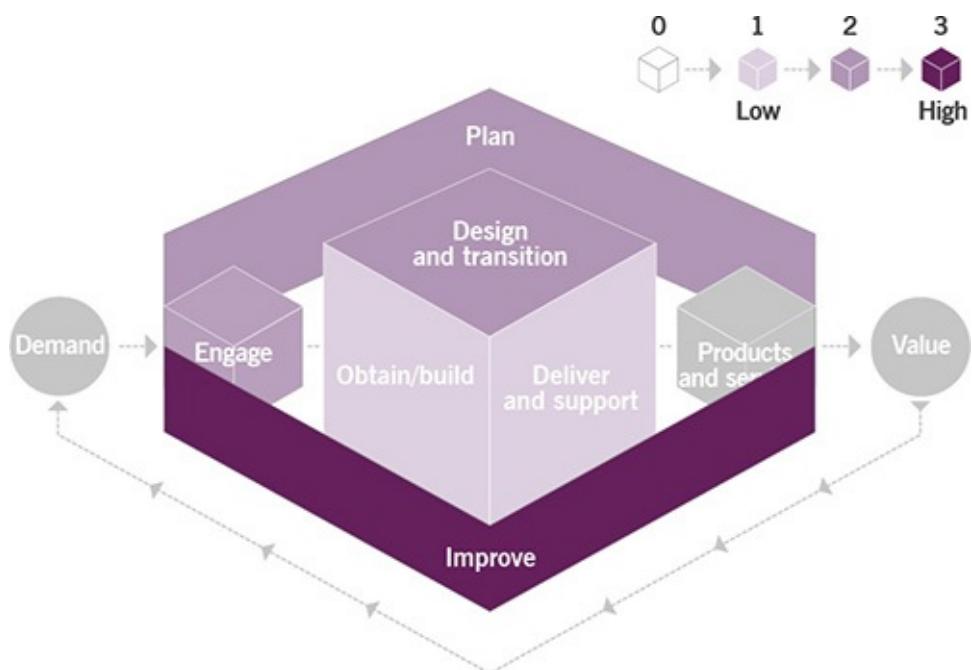


Figure 5.6 Heat map of the contribution of organizational change management to value chain activities

- **Plan** Decisions regarding change at the portfolio level cause the initiation of organizational change management to support an approved initiative.

- **Improve** Without proper organizational change management, improvement cannot be sustained.
- **Engage** The organizational change management practice actively engages with stakeholders at all stages of a change.
- **Design and transition** Organizational change management is essential for the deployment of a new service or a significant change to an existing one.
- **Obtain/build** Organizational change management ensures engagement and cooperation within and across projects.
- **Deliver and support** Organizational change management continues during live operations and support to ensure that the change has been adopted and is sustained.

## 5.1.7 Portfolio management

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### Key message

The purpose of the portfolio management practice is to ensure that the organization has the right mix of programmes, projects, products, and services to execute the organization's strategy within its funding and resource constraints.

Portfolio management is a coordinated collection of strategic decisions that together enable the most effective balance of organizational change and business as usual. Portfolio management achieves this through the following activities:

- Developing and applying a systematic framework to define and deliver a portfolio of products, services, programmes, and projects in support of specific strategies and objectives.
- Clearly defining products and services and linking them to the achievement of agreed outcomes, thus ensuring that all activities in the service value chain are aligned with value definition and the related CSFs.
- Evaluating and prioritizing incoming product, service, or project proposals and other change initiatives, based on resource constraints, existing commitments, and the organization's strategy and objectives.
- Implementing a strategic investment appraisal and decision-making process based on an understanding of the value, costs, risks, resource constraints, inter-dependencies, and impact on existing business activities.

- Analysing and tracking investments based on the value of products, services, programmes, and projects to the organization and its customers.
- Monitoring the performance of the overall portfolio and proposing adjustments in response to any changes in organizational priorities.
- Reviewing the portfolios in terms of progress, outcomes, costs, risk, benefits, and strategic contribution.

Portfolio management plays an important role in how resources are allocated, deployed, and managed across the organization. This facilitates the alignment of resources and capabilities with customer outcomes as part of the strategy execution within the ITIL SVS.

Portfolio management encompasses a number of different portfolios, including the following:

- **Product/service portfolio** The product/service portfolio is the complete set of products and/or services that are managed by the organization, and it represents the organization's commitments and investments across all its customers and market spaces. It also represents current contractual commitments, new product and service development, and ongoing improvement plans initiated as a result of continual improvement. The portfolio may also include third-party products and services, which are an integral part of offerings to internal and external customers.
- **Project portfolio** The project portfolio is used to manage and coordinate projects that have been authorized, ensuring objectives are met within time and cost constraints and to specification. The project portfolio also ensures that projects are not duplicated, that they stay within the agreed scope, and that resources are available for each project. It is the tool used to manage single projects as well as large-scale programmes consisting of multiple projects.
- **Customer portfolio** The customer portfolio is maintained by the organization's relationship management practice, which provides important input to the portfolio management practice. The customer portfolio is used to record all the organization's customers and is the relationship manager's view of the internal and external customers who receive products and/or services from the organization.

Portfolio management uses the customer portfolio to ensure that the relationship between business outcomes, customers, and services is well understood. It documents these linkages and is validated with customers through the relationship management practice.

### Agile portfolio management

The success of programmes and projects has historically been gauged by the

extent to which implementation has been completed on time and within budget, and has delivered the required outputs, outcomes, and benefits. In many cases, however, organizations have struggled to demonstrate a return on their investment from change, and there is an increasing recognition that true success is only possible if the programme or project was the ‘right’ initiative to implement in the first place. Agile portfolio management takes this further, with an increased focus on visualizing strategic themes and the ability to reprioritize the portfolio swiftly, increase workflow, reduce batch sizes of work, and control the length of longer-term development queues.

Traditional portfolio management is focused on top-down planning with work laid out over longer time periods, but Agile portfolio management takes the concept of build–measure–learn cycles used by individual Agile teams and applies it on an organization-wide basis. Teams work together, use modular design, and share findings. This results in tremendous flexibility, which shifts the focus from continuing to execute an inflexible plan to delivering value and making tangible progress according to business strategy and goals.

Organizations practising Agile portfolio management communicate as much as possible across the business. They share knowledge and break barriers between organizational silos.

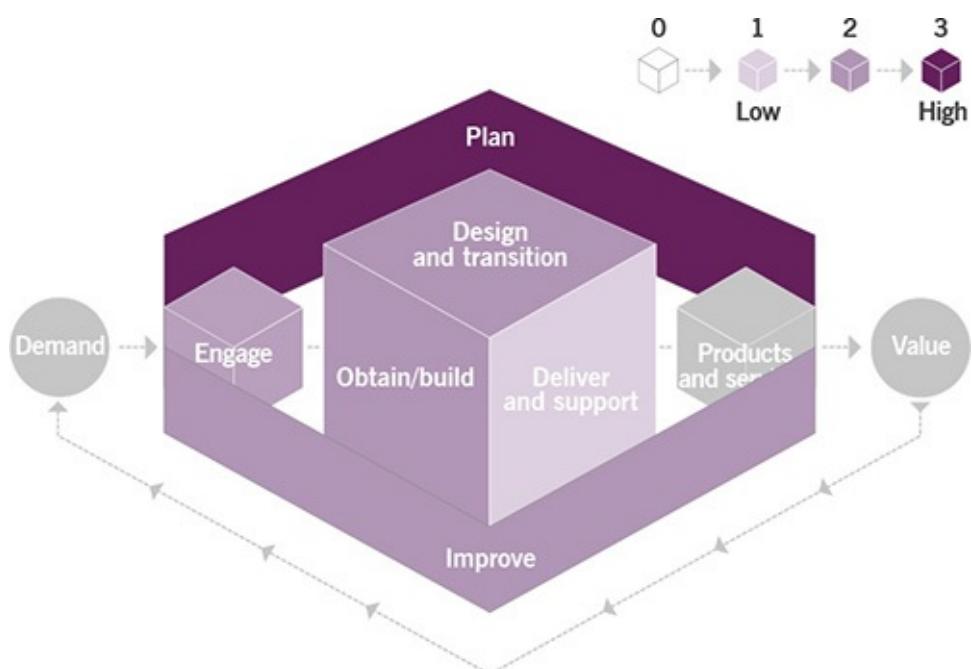


Figure 5.7 Heat map of the contribution of portfolio management to value chain activities

Figure 5.7 shows the contribution of portfolio management to the service value chain, with the practice being involved in all value chain activities:

- **Plan** Portfolio management provides important information about the status of projects, products, and services currently in the pipeline or catalogue and what strategic objectives they have been designed to meet, which is essential for planning. Portfolio management also includes reviewing the portfolios in terms of progress, value creation, costs, risk, benefits, and strategic contribution.
- **Improve** Portfolio management identifies opportunities to improve efficiency and increase collaboration, eliminate duplication between projects, and identify and mitigate risks. Improvement initiatives are prioritized and if approved may be added to the relevant portfolio.
- **Engage** When opportunities or demand are identified by the organization, the decisions on how to prioritize these are made based upon the organization's strategy plus the risk assessment and resource availability.
- **Design and transition, obtain/build, and deliver and support** Portfolio management is responsible for ensuring that products and services are clearly defined and linked to the achievement of business outcomes, so that these value chain activities are aligned with value.

## 5.1.8 Project management

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### Key message

The purpose of the project management practice is to ensure that all projects in the organization are successfully delivered. This is achieved by planning, delegating, monitoring, and maintaining control of all aspects of a project, and keeping the motivation of the people involved.

Projects are one of the means by which significant changes are introduced to an organization, and they can be defined as temporary structures that are created for the purpose of delivering one or more outputs (or products) according to an agreed business case. They may be a stand-alone initiative or part of a larger programme, together with other interrelated projects, for more complex pieces of transformation. However, even stand-alone projects should be considered in the context of the organization's project portfolio.

There are different approaches to the way in which projects are delivered, with the waterfall and Agile methods being the most common:

- The waterfall method works well in environments where the requirements are

known upfront (and unlikely to significantly change), and where definition of the work is more important than the speed of delivery.

- The Agile method works best where requirements are uncertain and likely to evolve rapidly over time (for example, as business needs and priorities change), and where speed of delivery is often prioritized over the definition of precise requirements.

Successful project management is important as the organization must balance its need to:

- maintain current business operations effectively and efficiently
- transform those business operations to change, survive, and compete in the market place
- continually improve its products and services.

This balance between projects and ‘business as usual’ can potentially impact a number of areas, including resources (people, assets, finances), service levels, customer relationships, and productivity, and so the organization’s capacity and capability must be considered as part of its project management approach.

Projects depend on the behaviour of people both within the project team and the wider organization. The best project plan amounts to very little if the right people are not involved at the right time. The relationship between the project and the organization also needs to be considered, as many project team members will be seconded from business operations on a full- or part-time basis.

Figure 5.8 shows the contribution of project management to the service value chain, with the practice being involved in all value chain activities:

- **Plan** Project management supports strategic and tactical planning with methods and tools.
- **Improve** Many improvement initiatives are large and complex, so project management is the relevant practice to manage them.
- **Engage** Stakeholder engagement is a key element in the successful delivery of any project. Project management provides the organization with stakeholder management tools and techniques.
- **Design and transition** Design of a practice or service can be managed as a project or an iteration in a larger project; the same applies to some transitions.
- **Obtain/build** Obtaining new resources as well as development and integration is usually performed as a project. Various project management techniques are applicable to this activity.
- **Deliver and support** The design, transition, and handover to internal or external service consumers for operational management needs to be well planned and executed to ensure that business as usual is not compromised. The project

management practice ensures this happens.

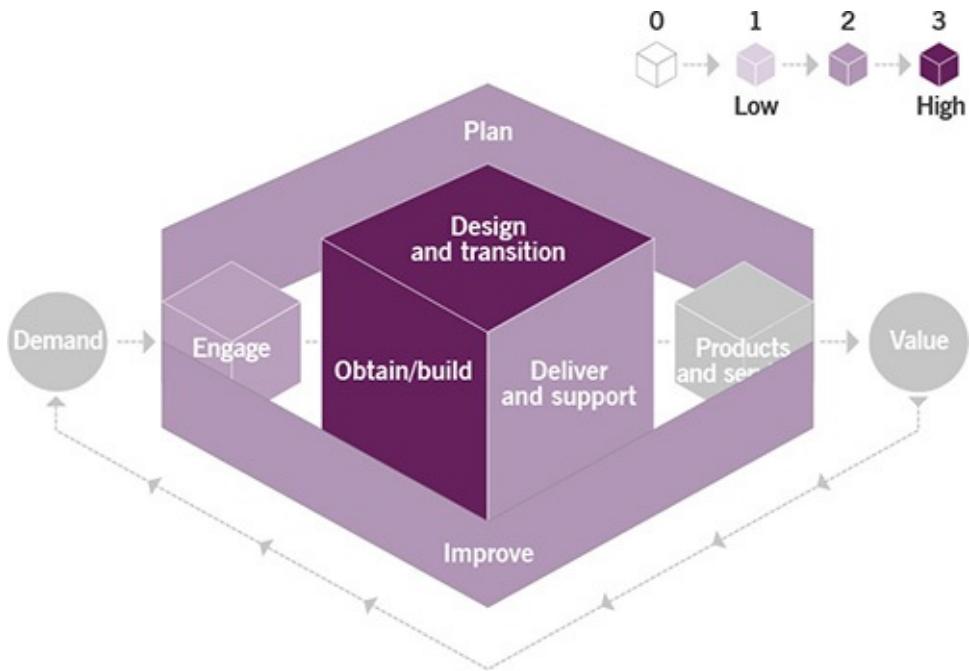


Figure 5.8 Heat map of the contribution of project management to value chain activities

### 5.1.9 Relationship management



#### Key message

The purpose of the relationship management practice is to establish and nurture the links between the organization and its stakeholders at strategic and tactical levels. It includes the identification, analysis, monitoring, and continual improvement of relationships with and between stakeholders.

The relationship management practice ensures that:

- stakeholders' needs and drivers are understood, and products and services are prioritized appropriately
- stakeholders' satisfaction is high and a constructive relationship between the organization and stakeholders is established and maintained
- customers' priorities for new or changed products and services, in alignment

- with desired business outcomes, are effectively established and articulated
- any stakeholders' complaints and escalations are handled well through a sympathetic (yet formal) process
- products and services facilitate value creation for the service consumers as well as for the organization
- the organization facilitates value creation for all stakeholders, in line with its strategy and priorities
- conflicting stakeholder requirements are mediated appropriately.

Service providers quite naturally focus most of their efforts on their relationships with service consumers (sponsors, customers, and users). It is a very important stakeholder group; however, organizations should ensure that they understand and manage their relationships with various stakeholders, both internal and external. The relationship management practice should apply to all relevant parties. This means that the practice contributes to all service value chain activities and multiple value streams.

Figure 5.9 shows the contribution of relationship management to the service value chain, with the practice being involved in all value chain activities:

- Plan** Relationship management provides information on the requirements and expectations of internal and external customers. It also assists with strategic assessment and prioritization across portfolios as well as evaluating current and future market spaces, which are essential aspects of planning.
- Improve** Relationship management seeks to harmonize and synergize different organizational relationships with internal and external customers to realize targeted benefits through continual improvement.
- Engage** Relationship management is the practice responsible for engaging with internal and external customers to understand their requirements and priorities.
- Design and transition** Relationship management plays a key role in coordinating feedback from internal and external customers as part of design. It also ensures that inconvenience and adverse impacts to customers during transition are prevented or minimized.
- Obtain/build** Relationship management provides the customer requirements and priorities to help select products, services or service components to be obtained or built.
- Deliver and support** Relationship management is responsible for ensuring that a high level of customer satisfaction and a constructive relationship between the organization and its customers are established and maintained.

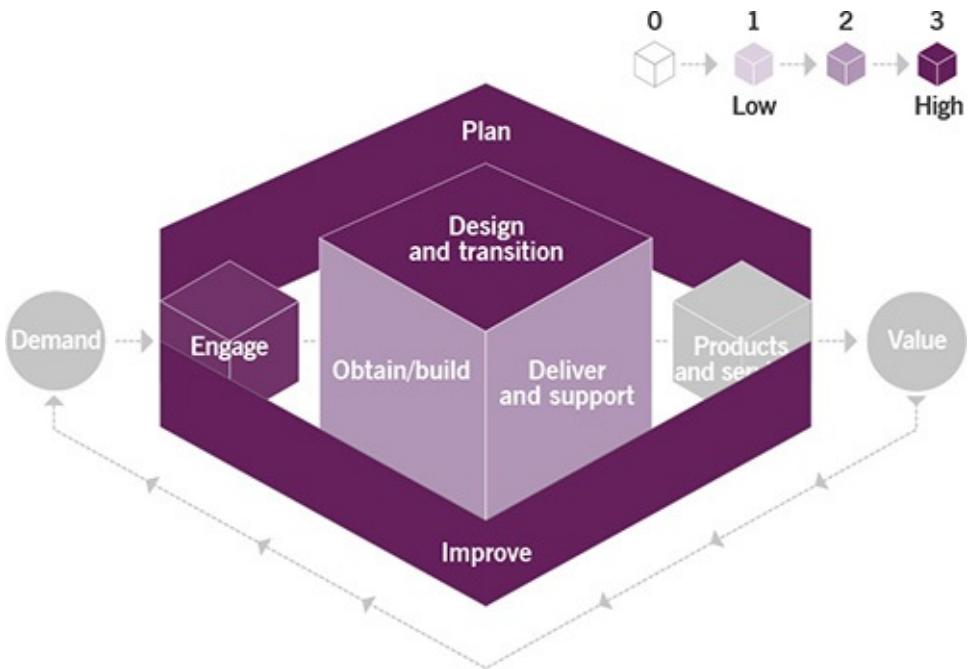


Figure 5.9 Heat map of the contribution of relationship management to value chain activities

### 5.1.10 Risk management



#### Key message

The purpose of the risk management practice is to ensure that the organization understands and effectively handles risks. Managing risk is essential to ensuring the ongoing sustainability of an organization and creating value for its customers. Risk management is an integral part of all organizational activities and therefore central to the organization's SVS (see section 2.5.3 for a definition of risk).

Risk is normally perceived as something to be avoided because of its association with threats, and although this is generally true, risk is also associated with opportunity. Failure to take opportunities can be a risk in itself. The opportunity costs of under-served market spaces and unfulfilled demand is a risk to be avoided.

The organization's portfolio can be mapped to an underlying portfolio of risks to be managed. When service management is effective, products and services in the service catalogue and pipeline represent opportunities to create and capture value

for customers, the organization, and other stakeholders. Otherwise, those products and services can represent threats due to the possibility of failure associated with the demand patterns they attract, the commitments they require, and the costs they generate. Implementing strategy often requires changes to the product and service portfolio, which means managing associated risks.

Decisions about risk need to be balanced so that the potential benefits are worth more to the organization than the cost to address the risk. For example, innovation is inherently risky but could provide major benefits in improving products and services, achieving competitive advantage, and increasing agility and resilience. The ability of the organization to limit its exposure to risk will also be of relevance. The aim should be to make an accurate assessment of the risks in a given situation, and analyse the potential benefits. The risks and opportunities presented by each course of action should be defined to identify appropriate responses.

For risk management to be effective, risks need to be:

- **Identified** Uncertainties that would affect the achievement of objectives within the context of a particular organizational activity. These uncertainties must be considered and then described to ensure that there is common understanding.
- **Assessed** The probability, impact, and proximity of individual risks must be estimated so they can be prioritized and the overall level of risk (risk exposure) associated with the organizational activity understood.
- **Treated** Appropriate responses to risks must be planned, assigning owners and actionees, and then implemented, monitored, and controlled.

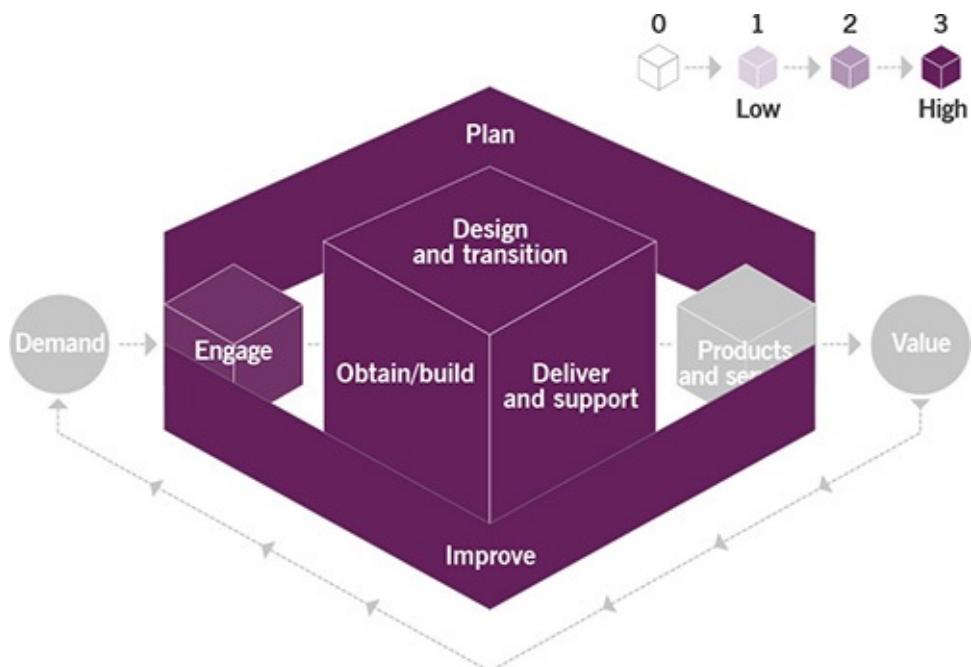
The following principles apply specifically to the risk management practice:

- **Risk is part of business** The organization should ensure that risks are appropriately managed. This does not mean that all risks are to be avoided. On the contrary, risk-taking is required to ensure long-term sustainability. However, risks need to be identified, understood, and assessed against the levels of risk the organization is willing to take (i.e. the risk appetite), and appropriately managed and monitored.
- **Risk management must be consistent across the organization** It is vital that the risk management practice is managed holistically to achieve consistency across the whole organization. To ensure effectiveness, there should be ongoing consultation with stakeholders and appropriate flexibility for different parts of the organization. This flexibility will allow tailored risk management procedures to be developed so that organizational units and/or customer-specific circumstances are addressed.
- **Risk management culture and behaviours are important** The appropriate culture and behaviours demonstrated by all levels of the organization's personnel are critical and must be embedded as part of the 'way we do things'. This will be demonstrated by behaviours and beliefs such as:

- understanding that effective risk management is vital for the sustainability of the organization and supports the achievement of business goals
- using proactive risk management behaviours
- ensuring transparency and clarity of risk management procedures, roles, responsibilities, and accountabilities
- actively encouraging and following up the reporting of risks, incidents, and opportunities
- ensuring remuneration structures support desired behaviours (i.e. this should not discourage the reporting of incidents nor encourage over-reporting)
- actively encouraging learning and growth in maturity from the organization's experiences and the experiences of other organizations.

## ISO 31000:2018 Risk management

These guidelines provide an overall and general perspective of the purpose and principles of risk management. They are applicable at all levels in any type of organization. ISO 31000 states that 'the purpose of risk management is the creation and protection of value' and that risk management 'improves performance, encourages innovation and supports the achievement of objectives'.



**Figure 5.10 Heat map of the contribution of risk management to value chain activities**

Figure 5.10 shows the contribution of risk management to the service value chain,

with the practice being involved in all value chain activities:

- **Plan** Risk management provides essential inputs to the organization's strategy and planning, with a focus on risks that can drive variability of outcomes. These include:
  - shifts in customer demand and priorities
  - legal and regulatory changes
  - competitors
  - dependencies on suppliers and partners
  - technological changes
  - conflicting stakeholder requirements.
- **Improve** All improvement initiatives should be assessed and continually controlled by risk management. The practice establishes an important perspective for improvement prioritization, planning, and review.
- **Engage** The risk management practice helps to identify key stakeholders and optimize engagement based on such information as risk appetite and risk profiles.
- **Design and transition** Products and services should be designed to address prioritized risks. For example, they should be scalable to support changes in demand over time. For the organization, new or changed services carry varying levels of risk which should be identified and assessed before the change is approved. If approved, the risks should be managed as part of the change, including releases, deployments, and projects.
- **Obtain/build** Risk management should inform decisions about the obtaining or building of products, services, or service components.
- **Deliver and support** Risk management helps to ensure that the ongoing delivery of products and services is maintained at the agreed level and that all events are managed according to the risks that they introduce.

### 5.1.11 Service financial management



#### Key message

The purpose of the service financial management practice is to support the organization's strategies and plans for service management by ensuring that the organization's financial resources and investments are being used effectively.